

Message Text

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73

ACTION XMB-07

INFO OCT-01 AF-10 ADP-00 AID-20 CIAE-00 COME-00 EB-11

FRB-02 INR-10 NSAE-00 RSC-01 TRSE-00 OPIC-12 CIEP-02

LAB-06 SIL-01 OMB-01 L-03 SCEM-02 INT-08 RSR-01 /098 W
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R 101557 Z APR 73

FM AMEMBASSY LAGOS

TO SECSTATE WASHDC 9096

C O N F I D E N T I A L LAGOS 2902

FOR EXIMBANK

E. O. 11652: N/ A

TAGS: EFIN, ENRG, NI

SUBJECT: FINANCING OF LPG PROJECT

REFERENCE: LAGOS 845 AND 361 OF 1972

1. S. O. OLIPHANT OF GUADALUPE GAS PRODUCTS CORPORATION, WHICH SIGNED AN AGREEMENT IN 1972 TO ESTABLISH LARGE LPG PLANT IN PORT HARCOURT IN WHICH FMG TO HOLD 60 PER CENT INTEREST (LAGOS 845, FEB 1, 1972) TOLD EMBOFF THAT HIS COMPANY HAD APPROACHED EXIMBANK RE POSSIBLE SUPPORT OF FINANCING FOR PROJECT. EXIMBANK, ACCORDING TO OLIPHANT, HAD SUGGESTED THAT FMG REP JOIN GUADALUPE IN DISCUSSION OF FINANCING. MINISTRY OF MINES A R POWER OFFICIALS REACTED NEGATIVELY WHEN OLIPHANT PASSED ON SUGGESTION. F. R. A. MARINHO TOLD OLIPHANT THAT WHILE FMG WOULD BE PREPARED TO EXTEND THE NECESSARY GUARANTEES FOR EXIMBANK FINANCING, IT SAW NO NEED TO TAKE PART IN PRELIMINARY DISCUSSIONS WITH EXIM SINCE ARRANGING FOR FOREIGN CAPITAL IS TO BE BASICALLY RESPONSIBILITY OF FOREIGN PARTNER. OLIPHANT SAID THIS CLEARLY REFLECTED POSITION OF PERMSEC MINES AND POWER ASIODU. OLIPHANT SAID THAT FOLLOWING HIS PRESENT VISIT TO NIGERIA HE WOULD APPROACH EXIMBANK AGAIN LATER THIS MONTH.

2. COMMENT: WHILE FEDERAL GOVERNMENT OFFICIALS HAVE TOLD EMBASSY SEVERAL TIME THAT FMG WILL BE WILLING ACT
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AS GUARANTOR FOR EXIMBANK AND POSSIBLY OTHER FINANCING
OF LPG, LNG AND PETROCHEMICAL FACILITIES AND OTHER LARGE
PROJECTS WHERE THE FMG HAS MAJORITY INTEREST, IT WILL NOT
PUT ITSELF IN POSITION OF BORROWER. THAT ROLE WILL BE
PLAYED BY OPERATING COMPANY IN WHICH FMG HOLDS MAJORITY
INTEREST. WE WOULD APPRECIATE BACKGROUND ON GUADALUPE'S
DISCUSSIONS WITH EXIMBANK AND EXIM'S VIEWS ON FMG ROLE IN
FINANCING THIS AND THE OTHER MASSIVE PETROLEUM PROJECTS
NOW UNDER CONSIDERATION IN NIGERIA.
REINHARDT

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*** Current Handling Restrictions *** n/a

*** Current Classification *** CONFIDENTIAL

Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: n/a
Control Number: n/a
Copy: SINGLE
Draft Date: 10 APR 1973
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: golinofr
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1973LAGOS02902
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: RR
Errors: n/a
Film Number: n/a
From: LAGOS
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1973/newtext/t19730438/aaaahzka.tel
Line Count: 77
Locator: TEXT ON-LINE
Office: ACTION XMB
Original Classification: CONFIDENTIAL
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators:
Previous Classification: CONFIDENTIAL
Previous Handling Restrictions: n/a
Reference: 73 LAGOS 845 AND 361 OF 1972
Review Action: RELEASED, APPROVED
Review Authority: golinofr
Review Comment: n/a
Review Content Flags:
Review Date: 10 JAN 2002
Review Event:
Review Exemptions: n/a
Review History: RELEASED <10-Jan-2002 by boyleja>; APPROVED <31-Jan-2002 by golinofr>
Review Markings:

Declassified/Released
US Department of State
EO Systematic Review
30 JUN 2005

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: <DBA CORRECTED> gwr 971215
Subject: FINANCING OF LPG PROJECT
TAGS: EFIN, ENRG, NI
To: SECSTATE WASHDC
XMB
Type: TE
Markings: Declassified/Released US Department of State EO Systematic Review 30 JUN 2005